prices sharply reduced workers' standard of living with little apparent resistance from the working class.

Cutting Your Nose

But reducing workers' ability to buy automobiles, electrical appliances, clothing, etc., worldwide effectively acted to curtail Japanese exports in this sector--by December Japanese exports as a whole were down 10 per cent over the previous year, causing a doubling of normal inventory levels.

More important, the Rockefeller development projects stalled, and inventories began to pile up in the capital goods sector. Aluminum inventories have tripled, copper smelting has been slashed by 40 per cent--the list goes on and on. Industrial production in Japan has declined 14 per cent over last year.

Even with these huge production cuts, and the resulting lay-offs and consumer shortages, Japanese inventories have continued to mount at an annual rate of 50 per cent. And the interest on the current $60 billion inventory--computed at a special Rockefeller interest rate for poor credit risks--is $2 billion every three months.

Unwilling to trigger a collapse by launching the going-out-of-business sale to pay it off, Trilateral Commission liberals in the Japanese cabinet, acting through Prime Minister Miki, have recently begun to buck the "tight money" line of Rockefeller's Japanese hard cop, former Finance Minister Fukuda. Miki is demanding that Japanese printing presses produce the yen necessary to ease the debt crisis. But this policy, if pursued as anything more than a temporary, carefully controlled expedient, would result in six months or so in an inflationary explosion and an equally devastating collapse.

Moreover, even a temporary reflation will not prevent the major part of the debt from coming due again in another 60-90 days. The pressure for the inventory sell-off will continue.

BANKRUPTCY THREATENS NORTH SEA OIL

Jan. 4 (IPS)--The increasingly hasty retreat of the international Rockefeller banks from further investment in the North Sea oil development projects threatened to turn into a full-scale rout this week with the narrowly-averted bankruptcy of Britain's Burmah Oil Company. The collapse of the North Sea projects will not only precipitate the final breakdown of the British economy but will also have repercussions on West German supplier industries.

The Burmah Oil Company, deeply involved in the development of the Ninian and Thistle off-shore oil tracts in the North Sea and expected to be a heavy borrower in the upcoming year, barely avoided defaulting on its $650 million loan from a banking consortium led by Chase Manhattan Bank. The Bank of England stepped in at the last possible moment, guaranteeing payment on Burmah's outstanding loans and opening up a $2 billion line of credit to the company.

From the point of view of the international Rockefeller banks which have financed the bulk of the North Sea slave-labor development projects, this maneuver served to shift the threat of bankruptcy back to its actual main center of focus--the British government itself.

Going Down Under

The financial life expectancy of that institution continues to shorten. Within the month of December alone the Bank of England compounded the accumulated $15 billion balance of payments deficit by spending over $2.5 billion in stabilization operations on behalf of the British pound sterling--reducing Britain's total gold and currency reserves by over 14 per cent in a single month! Within a day of the Burmah bail-out announcement, the Financial Times index of government securities prices had fallen to a new all-time low.

No conceivable rate of North Sea oil development can now be expected to overtake Britain's t rust toward outright bankruptcy. For their part the Rockefeller cabal bankers have made it clear that they will not continue a policy of throwing "good money after bad." "One of the biggest and most influential" New York banks has let it be known that it is no longer interested in accepting oil still under the sea as collateral for loans. From now on only loans secured against balance sheet assets will be considered.

Squeeze in New York

In large measure, however, the current reversion to "solid banking principles" on the part of Chase Manhattan, Morgan Guaranty et al. vis-a-vis the slave-labor projects in the North Sea is a policy which has been forced upon them. Given the need to "buy time" by means of a massive refinancing operation involving almost all the sectors of the world capitalist economy, the New York-based international Rockefeller banks simply do not have the ability to continue financing the projects in the North Sea.

The scale of the financing required to maintain the scale of expansion of the North Sea projects is enormous--an estimated $3.5 billion for 1975 alone, compared with a total investment to date of $2.8 billion. With nearly the whole of the December oil payments diverted for emergency balance of payments aid to France, Italy, and a host of Third World countries, the New York banks are now experiencing an acute shortage of investable funds.

If the North Sea bubble collapses, projections of a mere one million unemployed in Britain are a gross underestimation. Fully 10 per cent of Britain's investment goods industries are now directly tied to supplying the North Sea energy development, and a much larger proportion of Britain's industry is indirectly tied to the projects. For West Germany, which now produces more of the drilling rigs, platforms, and pipeline for the North Sea projects than any other single national sector, the 8 per cent decline in exports registered this November will be multiplied geometrically. But most critical is the fact that cut off of funds for further North Sea development would rapidly translate into a run against the British pound, placing in immediate peril the 30 per cent of world trade financed by sterling.

RIOTS IN CAIRO:
SADAT REGIME CRACKS AFTER SOVIET SNUB

Jan. 4 (IPS)--In an obviously well-coordinated display of anarchist rage, 1,000 Egyptian industrial workers rampaged through downtown Cairo Wednesday morning to protest the skyrocketing cost of living and miserable working conditions. The riots come after the sudden cancellation of the much-heralded visit of Soviet party chief Leonid Brezhnev to Cairo, a rude diplomatic snub by the Soviets which has vastly reduced Egyptian President Sadat's usefulness to the CIA and may signal efforts by Rockefeller to reorganize and prop up the wobbly Sadat regime.

As the political cornerstone of U.S. "Arab policy," Sadat represents the weakest link in a four-pole structure of CIA-controlled Middle East countries--Iran, Saudi Arabia, Turkey, and Egypt. By abruptly cancelling Brezhnev's stop in Cairo, the Soviets have kicked the underpinnings out from under the left side of the Sadat government. In this instance, Rockefeller's choices are three: (1) improvise a new left cover for Sadat; (2) dump him altogether; (3) reveal the Egyptian leader in his full nakedness as a pro-American rightist thug. Otherwise, the weakened Egyptian regime might in turn pull down the increasingly vulnerable Shah of Iran.

The published circumstances behind the riots leave no doubt that the upsurge was not the result of a spontaneous working-class outburst nor of any underground Communist network. Angry and vastly exploited Cairo workers, excited by rumors of a planned strike at the huge Helwan steelworks south of Cairo, were kept waiting at a Cairo train station, then told that the trains were not running. Probably led by government provocateurs, the workers spilled out onto the streets of central Cairo, where their rioting achieved maximum visibility for eager Western journalists, who rarely visit the isolated Helwan complex. In their rage, the mob smashed Soviet bookstores, Libyan airline offices, and Western businesses alike.